

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001**

Retail Access Optimization Initiative, 2011)
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Docket No. N2011-1

**RESPONSE OF WITNESS JEFFREY MUSTO
TO UNITED STATES POSTAL SERVICE
INTERROGATORIES USPS/CSRL-T1-1-13
(October 12, 2011)**

The witness of the Center for Study of Responsive Law, Jeffrey Musto, hereby provides responses to the above-listed interrogatories of the United States Postal Service dated October 3, 2011. The interrogatories are stated verbatim and followed by a response

Respectfully Submitted,

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USPS/CSRL-T1-1

Please describe the "other Postal Service related projects" referenced at page 3, line 19 of your testimony.

Response:

I have been involved in supplemental research for a letter that was sent to Senator Lieberman and Congressman Issa about the U.S. Postal Service's financial situation. I have responded to media inquiries and have participated in media outreach as a part of the work involved with that letter.

USPS/CSRL-T1-2

Please refer to your testimony at page 8, lines 7-10. State your understanding of whether the proximity of nearby postal retail locations from the retail facility being studied under the USPS Handbook PO-101 discontinuance review process is measured in terms of the straight line distance or the driving distance.

Response:

My “understanding” of the USPS Handbook PO-101 discontinuance review process is not the issue in the portion of the testimony referenced by this interrogatory. This portion of my testimony was intended to point out that information provided by the USPS’s witness in his testimony was misleading. Although not explicitly stated in the testimony, my reading of the USPS witness’s testimony led me to the conclusion that in fact a significant portion of postal retail locations are not far from their nearest neighbor. The portion of my testimony that is being referenced is serving to rebut this conclusion and present information that demonstrates the irrelevance of the information presented in the referenced chart to the RAOI initiative.

What matters is the fact that, absent the use of driving distances between facilities, the USPS does not accurately reflect the burden upon users by the closure of facilities referenced in this chart. For example, if there are two post offices on either side of a large mountain that are, by geographic coordinates, 3 miles apart but that require 30 miles of driving on winding, slow mountain roads, it is ludicrous to suggest that a measure of the “proximity” of the two facilities is their geographic separation. One need not abandon common sense in determining the actual traveled distance between two points.

The USPS Handbook PO-101 does not specify which measure of proximity must be used. A citizen reading the USPS Handbook PO-101 could reasonably assume – and hope – that the measure being used was a measure of driving distance so as to adequately represent the potential burden that would be added to patrons of postal facilities being considered for closure. However, this discussion only serves to underline the point intended to be made by the testimony that this interrogatory references: that the use of geographic coordinates in a chart included in the USPS witness’s testimony is misleading when considered in the context of testimony supporting the RAOI and bears little relevance to a discussion of the RAOI or the impact that such an initiative may have on the communities surrounding postal facilities being considered for closure or consolidation.

USPS/CSRL-T1-3

Please quantify the "significant portion" of Retail Access Optimization Initiative candidate facilities to which you refer at page 8, line 37 of your testimony and explain the basis for your response.

Response:

The portion of testimony referenced in this interrogatory was intended to illustrate the fact that many of the RAOI candidate facilities are more than 10 miles away from their nearest Post Office neighbor and that many of the RAOI candidate facilities included as candidate facilities due, in part, to the proximity of alternate access may not – in the witness' opinion – provide sufficient alternatives or equivalent alternatives to the services that may have been previously provided by postal facilities being considered for closure.

That said, nearly 1000 of the RAOI candidate facilities are over 10 miles from their nearest Post Office neighbor. About 400 of the candidate facilities included in the RAOI due, in part, to the proximity of alternate access do not – in the witness' opinion – provide sufficient alternatives.

USPS/CSRL-T1-4

Please refer to page 4, line 5 of your testimony and describe what you mean by the "equal provision of postal services to consumers" Please explain the basis for the assertion that the Postal Service obliged to provide "equal" service to customers.

Response:

This portion of my testimony makes no reference to the "obligation" of the Postal Service. Rather, it states the obvious: Closing Post Offices can impose costs in time and expense upon those people who currently avail themselves of the full range of services provided by those facilities, resulting in the a difference in the availability of those services to the Postal Service's patrons from what they previously experienced.

USPS/CSRL-T1-5

Please refer to your testimony at page 6, lines 19-22. Cite the basis for your assertion that the Postal Service "must believe" that the existence of a specific mix or number of alternate access channels in proximity to an RAO initiative candidate facility, by itself and by definition, constitutes "sufficient" alternatives to justify closing the candidate facility.

Response:

Actions speak louder than words.

That being said – the basis of this assumption stems from portions of witness Boldt's testimony, the structure of the RAOI, and my interpretation of the conclusions the U.S. Postal Service wants the reader of witness Boldt's testimony to come to: namely that the alternative access sites may constitute sufficient alternatives to postal facilities.

The Direct Testimony of James J. Boldt, USPS-T-1 (Page 3, Line 15 through Page 6, Line 3), discusses alternate access facilities, their growing popularity, the number of private retail stores, and follows this discussion with one of changing customer behavior (Page 6, Line 4 through Page 9, Line 6). It was my determination that a citizen would come to the logical conclusion based upon the structure of this testimony that the U.S. Postal Service's witness was implying – and in fact possibly leading the reader to assume – that alternate access facilities serve the needs of consumers, that consumers are using less Post Office facilities, and that thus alternate access facilities may be able to replace existing Post Office facilities. The remainder of my testimony is intended to stand in opposition to these implied points.

The following list cites the statements that the witness used to draw this conclusion:

“As the Post Office's role in the postal retail network has diminished, other aspects of the postal retail network have become more important. For example, alternate retail access channels have proven increasingly popular with postal customers, now accounting for approximately thirty-five percent of retail revenue and trending upward.” (Direct Testimony of Witness James Boldt, Page 4, Lines 12 – 16.)

“Awareness of these general trends and a desire to continue to improve customer convenience in terms of accessing its products and services has compelled the Postal Service to reconsider the composition of its retail network, leading to the creation of a wide range of options that expand retail service beyond Post Offices, stations, and branches.” (Direct Testimony of Witness James Boldt, Page 4, Lines 16-20.)

“Collectively, these alternatives extend, facilitate, and expedite customer access to postal retail transactions that once required a visit to a retail window in a Post Office, station, or branch.” (Direct Testimony of Witness James Boldt, Page 6, Lines 1-3.)

“An understanding of the variety of options for alternate access to postal products and services helps to provide an understanding of the context and justification for the RAO Initiative.” (Direct Testimony of Witness James Boldt, Page 9, Lines 4-6.)

USPS/CSRL-T1-6

Please refer to your testimony at page 6, lines 32-33. Is it your testimony that the discontinuance of any existing postal retail facility is contrary to the policies of Title 39 United States Code if it results in any diminution in access by members of a community to postal products and services? If not, please explain.

Response:

Lines 32-33 make no reference to Title 39.

That said, my testimony prior to, and following, the lines cited in this interrogatory makes reference to a “maximum degree” of services that the USPS is mandated by law to provide in Title 39. Merriam-Webster’s definition of “maximum” is “the greatest quantity or value attainable or attained.” Thus a citizen would, in my opinion, come to the conclusion that any discontinuance of an existing postal retail facility that results in a diminution of **services** (as the lines cited in the interrogatory state), would be contrary to the provision of a “maximum degree” of services.

USPS/CSRL-T1-7

Please refer to your testimony at page 9, lines 24-25. For which of the specific "binding" transactions listed there do residents in communities potentially affected by the RAO Initiative rely on the Postal Service:

- (a) exclusively?
- (b) predominantly?
- (c) frequently?
- (d) infrequently?

Please explain the basis for your conclusions.

Response:

(a – d) The lines of my testimony referenced in this interrogatory are not claiming that each of these activities are “‘binding’ transactions”, as the interrogatory states, but instead uses the phrase “bind their community together” as a construction of the English language meant to describe the sentiment that many communities throughout the country consider their local post offices the heart of their community. This is included among a list of ways that postal facilities may have value to various citizens. There may, in fact, be countless other ways citizens find value in and make use of their local postal facilities.

USPS/CSRL-T1-8

Please refer to your testimony at page 8, lines 37-40.

- (a) Please quantify the "significant portion of the subset of about 3,650" RAOI candidate facilities to which you refer at lines 37-38 and explain the basis for your response.
- (b) Please provide specific page and line citations to "the previous discussion" referenced at line 37.

Response:

- (a) Please see my response in the interrogatory USPS/CSRL-T1-3.
- (b) "The previous discussion" was simply a reference to the testimony I provided prior to that statement (page 4 through page 8, line 30).

USPS/CSRL-T1-9

Assume that the RAO Initiative results in the discontinuance of a Post Office and the community it served is left with a level of access to retail postal services that is indistinguishable from that available at a virtually identical community in which no Post Office has ever been located.

(a) Is there specific information you would need to know to form a judgment whether either or both communities were being provided service consistent with the policies of Title 39 United States Code? If so, please describe the information you deem relevant to each judgment.

(b) Would the absence of a Post Office in either community, by itself, in your view, signal non-compliance with Title 39? Please explain your response.

Response:

(a - b) There is a difference in the analogy the Postal Service presents in that the discontinuance of a Post Office in and of itself makes access to postal services less readily available – whereas there was no change in a community that never had a Post Office.

USPS/CSRL-T1-10

Please refer to your testimony at page 9, lines 25-28.

(a) Please describe the types of critical emergency and medical supplies that are shipped by mail in the aftermath of natural disasters or breaches of national security to adversely impacted individuals.

(b) Is it your testimony that the number of postal retail facilities should be expanded to provide more outlets for the distribution of critical emergency and medical supplies in the event of natural disasters or national security breaches?

(c) To your knowledge, are there circumstances when a natural disaster or national security breach can prevent or deter the Postal Service from providing retail or delivery service within specified areas for an extended period of time?

(d) If postal retail access is limited in the aftermath of a natural disaster or breach of national security, could there be any advantage to postal customers having access to alternative access channels to conduct common basic transactions such as stamp purchases?

(e) Assume postal retail access is limited in a community for reasons wholly unrelated to a natural disaster or breach of national security, and solely a consequence of the discontinuance of a Post Office in that community, leaving those customers the option of travelling to a nearby Post Office, not prohibitively far away. Would there be an advantage to postal customers having available alternative access channels (that are closer than the remaining nearby Post Office) at which to conduct the most common postal retail transaction, the purchase of stamps?

Response:

Former Postmaster General, John Potter, and Postmaster General Donahoe have both indicated that the USPS has been in discussions with the Department of Homeland Security about the role the USPS could play to provide emergency and medical supplies to citizens in the event of a breach of our national security.

(a) The types of supplies one could receive could include, but not be limited to, water, food, prescription medication (both those medicines that had been prescribed prior to the event and that may have been prescribed due to a need that may have arisen as a result of the event), duct tape, air masks, clothes, money, and checks.

(b) The lines cited were intended to highlight a few things: 1. That there may be people in the country that, after having experienced a natural disaster or breach of national security, may rely on the services provided by the USPS to receive critical supplies or medicines. 2. That during these horrible times of natural disasters and breaches of national security, postal workers may provide a variety of benefits to their community. 3. That during these horrible times of natural disasters and breaches of national security, if postal workers continue to serve their community, they may be putting themselves at risk and making enormous sacrifices for the communities they serve.

(c) Yes.

(d) Yes. However, the existence of alternate access facilities alone would not necessarily replace the services provided by a postal facility or the USPS letter carriers.

(e) Yes. However, as stated in (d), the existence of these alternate access facilities alone would not necessarily replace the services provided by a postal facility or the USPS letter carriers.

USPS/CSRL-T1-11

Please refer to your testimony beginning at page 8, line 46. Do stamps on consignment outlets provide a "sufficient" level of service to postal patrons at times when the sole objective of those customers is to obtain generic First-Class Mail letter rate stamps? If your answer is not fully affirmative, please explain.

Response:

Yes. However, the U.S. Postal Service should acknowledge that its patrons make use of postal facilities for a much broader range of services than simply purchasing stamps. Further, citizens may believe the U.S. Postal Service needs to provide a fuller range of services in order to comply with its obligations according to Title 39.

USPS/CSRL-T1-12

Please refer to your testimony at page 9, lines 32-24. Please quantify what you mean by "prohibitively far" and explain the basis for your determination.

Response:

Someone that may have to travel, for instance, 30 minutes or more round trip (as may be the case with postal facilities that are greater than 10 miles away) to pay a visit to a postal facility when they once only traveled a matter of a few minutes may in fact be less inclined to visit a postal facility.

USPS/CSRL-T1-13

Please refer to your testimony at page 9, lines 21-22. Please fully describe the "devastation" that could be experienced by communities and consumers that surround a Post Office solely as a result of that Post Office closing. In doing so, please isolate such devastation from any that could be attributable to concurrent economic, sociological, political, or other phenomena also affecting those communities and individuals.

Response:

The lines referenced by this interrogatory are intended to describe the experience of communities that, in the case of a discontinuance of a postal facility, would experience some loss of access to postal facilities – and thus postal services. U.S. Postal Service patrons make use of postal facilities for a range of services, as discussed in my testimony (some such services, which are not all inclusive by any means, are mentioned on page 9, lines 23 through 25).

Isolating such devastation would require detailed studies of the affected communities. Such an analysis by the USPS would be useful in determining the full impact of postal facility closings.